How OLX contributes to help PME’s in the Portuguese Digital Ecosystem

May 2017
Naspers Classifieds operations are located throughout Europe, LatAm, EMEA, South Asia and South East Asia

- Operation in ~25 countries
- Services accessible in ~75 countries

SOURCE: Naspers corporate website
OLX

14 Categories
3,3 Million Items for Sale
6 Million of Monthly Active Users
170,000 Unique Listers Monthly

Estimated 80,000+ Leads per day
40% turns into transactions
We want to be the smartest operator in the Classifieds segment:

Making money in classifieds is all about educating the market and crushing the competition.
OLX Protecting the C2C core

75%-90%

- ToM awareness for selling goods in our top categories

50%

Of posted items on average indicated as sold on OLX

36%

Of posted items received 1 contact on the 1st Week of activation

24.100

Average of posted Items from private users

C2C The growth challenge

Improve classifieds funnel conversions:

- Increase liquidity and users engagement
- Push traffic to other categories
OLX traffic evolution
From a pure classifieds model to a true marketplace!

Taking leverage of the very fragmented existing marketplace in Portugal and addressing to B2C users to monetize.
A bit of economics 101…
Professional offering and monetization

What buyers on OLX stated as the main type of goods they came looking at OLX.
Finding the opportunity to monetize

Defining the paywall limits?

- Pareto’s Principle 20/80
- Define an average of active listings per user per category
- Check the user profiles and behaviors of those users above the average
- Determine an acceptable minimum of free ads finding the right balance to avoid private users losses
Professional offering and monetization

Free » Freemium Model

NEGATIVE PRESS

UNHAPPY USERS

OLX is losing volume due to recently introduced listing fees

OLX charges me money to sell my car! I will go to competitor XYZ

OLX introduces fee while it always claimed to be a free platform!
Professional offering and monetization

- Clear Communication is crucial, need to reeducate users;

- Paywall Limits can be applied without significantly affecting your KPIs;

- Sales Team will help in the 1st stage to clarify users about the packages;

- Moderation Team needs to be on board to avoid Duplicate Accounts;

- Delivering to professionals the same solution as for privates is not enough;

**B2C Users Retention**

- In average, 400 B2C Mini-sites are bought per month.
- 10% of First buyers
- Retention of 92% of B2C users monthly renewal.
Professional offering and monetization

**OLX Minisite:**
Shop as central hub for all listings, information, analytics, contacts, etc

**User chooses which items and how to promote them**

**Monetizing lead generation through access to the waterfall**
- Listing fees
- Promo
- VAS
- Context/CPC VAS
Through our B2C services, we provide a ready-to-use online sales channel for PMEs

Value proposition

By accessing OLX’s B2C services, companies gain ability to:

- **Sell more through OLX:**
  - Access to *higher volume* of listings
  - **Stronger effectiveness** through dedicated listings page, tailored item views and detailed statistics

- **Sell large volumes more efficiently** through OLX through inventory management tools via XML uploads
- Mini-site available in all platforms

Segment Group

- Small and Medium Companies as the core business segment benefiting most from use of our platforms
- B2C Users from all categories*

Note: * With exception to Real Estate and Car Dealers
OLX B2C Users Guiding principles

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<thead>
<tr>
<th>What we do</th>
<th>Description</th>
<th>Rationale</th>
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<tr>
<td>Paid Listings as anchor product</td>
<td>• Users need to pay for listings on OLX to use B2C features</td>
<td>• Follow principle of collecting a part of value generated by our platform</td>
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<tr>
<td>Provide services relevant to B2C sub-segments</td>
<td>• Two tier plans: basic for small volumes (visibility benefits), and full for large volume (incl. inventory management)</td>
<td>• Inventory management tools likely valued by large sellers – should be priced and provided separately</td>
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<tr>
<td>Desktop-focused for non-buyer facing features</td>
<td>• Most B2C features will be developed primarily for desktop</td>
<td>• B2C sellers using desktop as the main channels for posting and managing listings</td>
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<th>Support needed to limit by-pass of paid services</th>
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<tr>
<td>Account verification through SMS</td>
<td>• Require each account to have a validated phone number unique to that account</td>
<td>• Account duplication allows for circumvention of all but zero limits</td>
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<tr>
<td>Posted ads instead of places on shelf</td>
<td>• Change definition of free limits to number of ads posted</td>
<td>• Use of ads posted instead of NNLs reduces incentive of delete and repost and to duplicate accounts</td>
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The road ahead will stay exciting...